

# **FINANCIAL PROCEDURES POLICY**

*A thriving family of schools who work together to celebrate differences, and support each other in pursuit of excellence.*

## DOCUMENT CONTROL

<b>This document has been approved for operation within:</b>	All Chancery schools.		
<b>Responsible Officer:</b>	CEO		
<b>Approved by:</b>	Board of Directors		
<b>Approval date:</b>	1.11.2021		
<b>Date effective from:</b>	Nov. 2021	<b>Date of next review:</b>	Dec 2022
<b>Review period:</b>	1 Year	<b>Version:</b>	3

## Summary of changes within this version

Most changes stated below are to ensure that the Chancery policy is in line with the Academy Trust Handbook 2021 (ATH), therefore, this will not be stated within each amendment.

Page 1 - Statement of Intent and Nolan Principles added

Page 1 – Legal Framework - ESFA Academy Trust Handbook 2021 updated to current version throughout the document, Data Protection Act 2018 added, UK General Data protection Act (UK GDPR) added.

Page 2 – Legal Framework – Scheme of Delegation and Data and Cyber-security breach added to policies

Page 3 – Roles and Responsibilities – Members board responsibilities have been added

Page 3 – Roles and Responsibilities – Directors board responsibilities have been added, senior executive leader appointment section added and senior executive leaving section added

Page 4 – Roles and Responsibilities – Audit and Risk Committee responsibilities amended in line with their agreed changes in the 2021 Scheme of Delegation

Page 4 – Roles and Responsibilities – Finance Committee section added with relevant responsibilities

Page 4 – Roles and Responsibilities – The Local Governing Boards responsibilities have been added in line with the Scheme of Delegation 2021

Page 5 – Roles and Responsibilities – The Accounting Officer responsibilities have been expanded.

Page 5 – Roles and Responsibilities – The Chief Finance Officer responsibilities have been added.

Page 6 – Roles and Responsibilities – The Governance Professional has been added as a new section as required by the ATH.

Page 6 – Financial Oversight – The whole section added to show how the directors and governors of the trust have financial oversight of the financial affairs and assets of the trust.

Page 7 – Financial Planning and Budget Setting – The budget setting procedures and approvals have been added to this section of the policy

Page 8 – Budget Management and Monitoring – The first two paragraphs have been added to reflect the changes in management accounts production this year around the budget timetable and CFO termly budget review meetings in academies.

Page 8 – Budget Management and Monitoring – The final three paragraphs have been added to this section to include the budget returns responsibilities for reporting the academy budgets to the ESFA annually.

Page 12 – Income – Paragraph 9 has been added to formalise the procedure around nursery manager nursery and out of hours charges. The Spring Internal Audit required more control in this area and this paragraph was agreed in the Audit and Risk Committee meeting in the Summer Term 2021.

Page 15 – Payroll – The section has been expanded in paragraph four to show staff responsibilities around payroll and the random testing by the CFO

Page 16 – Payroll – This section is new and ensures that the decisions that the directors make around executive pay are robust and evidence based.

Page 16 – Investments – This section has been added to reference the trust's Investment Policy.

Page 17 – Borrowing and Debt – This section has been added to reflect the trusts responsibilities around borrowing and debt, the recording of debt and to reference the Debt Management Policy.

Page 18 – Fixed Assets – The first paragraph has been added to state when prior approval is required from the ESFA.

Page 19 – Leasing – The first paragraph was added to this section to distinguish between the two types of lease.

Page 19 – Gifts – This section has been added to clarify the rules on gifts and to reference the Gifts, Hospitality and Anti-Bribery Policy

Page 20 – Conflicts of Interest – Paragraphs two to twenty have been added to reference the Conflict of Interest Policy, state procedures around related party transaction and the recording of conflicts of interests.

Page 22 – Charges and Remission – Paragraphs one and two have been added to reference the trust's Charging and Remission Policy

Page 22 – VAT Procedures – Paragraphs one to four have been added to indicate that the trust is registered for VAT and how the claims are completed quarterly.

Page 23 – Risk Management– This section has been added to reference the trust's Risk Management Strategy and risk register and where responsibilities lie.

Page 23 – Special Payments – This section has been added to identify special payments and to provide a procedure to ensure that they are dealt with correctly.

Page 25 – Audit – Paragraphs two to fourteen have been added to describe audit, both internal and external, within the trust.

Page 27 – Other Finance Related Returns – This section has been added to state the other returns that the trust needs to make to the DfE.

Page 27 – Record Keeping – This section has been restated to identify the types of financial transaction within the trust, the responsibilities for these transactions and the coding structure within the accounting package.

Page 27 – Notice to Improve – This section is new to the policy.

Page 29 – Cyber-crime – This section is new to the policy.

# Table of Contents

Statement of Intent	Page 1
Legal Framework	Page 1
Roles and Responsibilities	Page 2
Financial Oversight	Page 6
Financial Planning and Budget Setting	Page 7
Budget Management and Monitoring	Page 8
Cash Management	Page 9
Accounting System	Page 11
Income	Page 12
Expenditure	Page 14
Purchasing, Procurement and Returns	Page 14
Payroll	Page 15
Executive Pay	Page 16
Investments	Page 17
Borrowing and Debt	Page 17
Fixed Assets	Page 18
Leasing	Page 19
Gifts	Page 19
Related Party Transactions and Conflicts of Interest	Page 19
Charging and Remission	Page 22
VAT Procedures	Page 22
Risk Management	Page 23
Special Payments	Page 23
Novel, Contentious and Repercussive Transactions	Page 24
Guarantees, Indemnities or Letters of Comfort	Page 24
Annual Accounts	Page 25
Audit	Page 26
Other Financial Returns	Page 27
Record Keeping	Page 27
Notice to Improve	Page 28

Cyber-crime	Page 29
Self-assessment	Page 30
Document Retention	Page 30
Monitoring and Review	Page 30

## Statement of Intent

1. It is important for Chancery Multi Academy Trust to demonstrate that we use public money appropriately. To ensure that the financial standing of the trust cannot be brought into disrepute, this policy will be implemented by all academies within the trust, guaranteeing consistency in financial procedures across the academies.
2. This policy applies to all employees in the trust, trustees and members, as well as services and goods sourced from external agencies, such as contractors and caterers.
3. The trust takes its responsibility for handling public funds with the utmost importance and strives to continuously provide a high-quality education and safe learning environment, whilst having a strong financial standing.
4. The Nolan Principles, The Seven Principles of Public Life, apply to the directors and governors of Chancery Multi Academy Trust as a public office holders.
  - **Selflessness** - Holders of public office should act solely in terms of the public interest.
  - **Integrity** - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  - **Objectivity** - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Accountability** - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - **Openness** - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - **Honest** - Holders of public office should be truthful.
  - **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Legal Framework

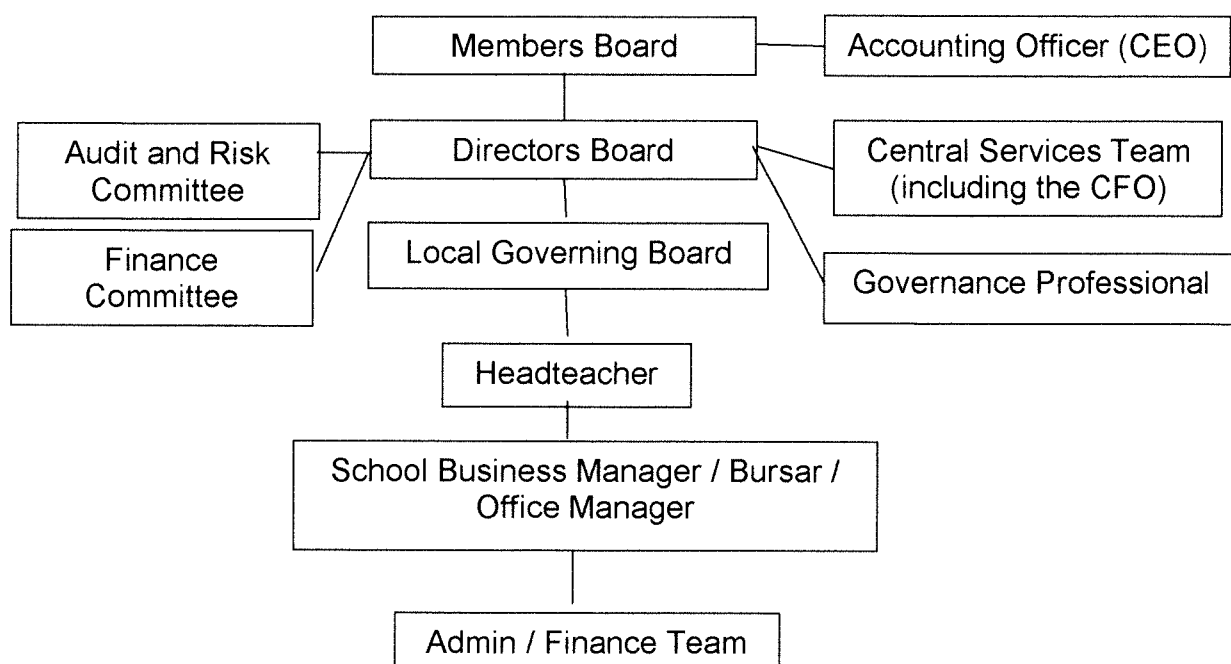
1. This policy has due regard to all relevant legislation and statutory guidance, including, but not limited to, the following:
  - Employment Relations Act 1999
  - Companies Act 2006
  - Equality Act 2010
  - The Education (School Teachers' Appraisal) (England) Regulations 2012 (as amended)
  - ESFA (2021) 'Academy Trust Handbook 2021'
  - ESFA (2019) 'Declare or seek approval for related party transactions: summary guidance'
  - Data Protection Act 2018
  - UK General Data Protection Regulation (UK GDPR)
  - DfE (2019) 'Good estate management for schools'

2. This policy operates in conjunction with the following Trust policies and documents:

- Teachers' Pay Policy
- Pay Policy for School Support Staff
- Charging and Remissions Policy
- Debt Management Policy
- Conflicts of Interest Policy
- Investment Policy
- Competitive Tendering Policy
- Balance and Reserves Policy
- Pooled Funding and Appeals Policy
- Risk Management Policy
- Gifts and Hospitality Policy
- Data Protection Policy
- Accounting Policies
- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Scheme of Delegation
- Data and cyber-security Breach Prevention and Management Plan
- Articles of Association

## Roles and Responsibilities

1. The Chancery Multi Academy Trust has defined the responsibilities of each person or group of people involved in the administration of the trust's finance to avoid duplication or omission of functions and to provide a framework of accountability for members, directors, governors and staff. The financial reporting structure is illustrated below:





2. The Members Board meet once a year. Members will not employees of the trust or occupy staff establishment roles on an unpaid voluntary basis. The members are the guardians of the governance of the trust. The members are responsible for:

- Appointing, by special resolution, new members or removing existing members.
- Appoint directors in line with the trust's Articles of Association
- Where necessary, by special resolution, issuing direction to the trustees to take specific action.
- Appointing the trust's auditors and receiving (but not signing) the trust's audited annual accounts.
- Conducting the business of the trust in accordance with company and charity law and adhering to the trust's funding agreement with the Secretary of State.

The trust will ensure that members are not currently subject to section 128 direction and will not appoint anyone as a member if they are currently subject to section 128 direction.

3. The Directors board meets at least three times a year and conduct business only when quorate. The directors have overall responsibility for the strategic management of the trust's and schools' finances. The main responsibilities of the directors are prescribed in the Funding Agreement between the Multi Academy Trust and the Secretary of State for Education. The directors' main core financial function is to oversee and ensure effective financial performance. Their main financial responsibilities include:

- Applying the highest standards of conduct and governance and taking full ownership of their duties.
- Approving a written scheme of delegation of financial powers which should be reviewed on an annual basis.
- Managing conflicts of interests and related party transactions.
- Approving a balanced budget for the financial year and minuting the approval.
- Ensuring decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Appointing an audit and risk committee to advise on the adequacy of the trust's control and risks.
- Submitting audited accounts to the ESFA by 31 December.
- Ensuring an appropriate, reasonable and timely response is given to findings by auditors.

The board of directors will appoint a senior executive leader who may be appointed as a director, if the members decide to appoint them as such, the senior executive leader agrees, and the Articles of Association permit it. This will be a chief executive officer or equivalent. The board will also appoint a named individual as the trust's accounting officer, this will be the senior executive leader. The roles of senior executive leader and accounting officer will not rotate.

When the senior executive leader is planning to leave the trust, the board of directors will approach the trust's Regional Schools Commissioner (RSC) in advance to discuss the trust's structure and options, including plans for recruitment.

4. The Audit and Risk Committee meet at least three times a year. The committee is responsible for:

- Directing the trust's programme of internal scrutiny and reporting to the board of directors on the adequacy of the trust's financial and non-financial controls and management of risk.
- Reviewing the external auditor's plan each year.
- Ensuring that the risks are being addressed appropriately through internal scrutiny.
- Assessing the effectiveness of the external auditor to provide a basis for decisions by the trust's members about the auditor's appointment or dismissal or retendering.
- Producing an annual report of the committee's conclusions to advise the board of directors and members, including recommendations on the reappointment, dismissal or retendering of the external auditor, and their remuneration.
- Reviewing the external auditor's findings and actions taken by the trust's managers in response to those findings.
- Reviewing the internal auditor's findings and actions taken by the trust's managers in response to those findings.

5. The Finance Committee meet at least three times a year. The committee is responsible for:

- Drafting the first formal budget plan of the financial year
- Maintaining a 3 year strategic financial plan.
- Monitoring and reviewing income and expenditure on a regular basis and ensuring compliance with the overall financial plan for the academies and the trust, and with the financial regulations of the ESFA
- Considering budget position statements at both academy and trust level including virement decisions at least termly and to reporting significant anomalies from the anticipated position to the Board of Directors.
- Reviewing financial elements of the Risk Management Policy and Risk Listing including Health and Safety, buildings and insurance to ensure that the financial risk is included in the academy or trust accounts where necessary and make recommendations to the Board of Directors.
- Receiving potential bids from academies and the trust for external funding and recommend to the Board for approval.
- Reviewing benchmarking data on an annual basis to secure best value for money.
- Monitoring and reviewing procedures for ensuring the effective implementation and operation of financial procedures, including the implementation of bank account arrangements, the suite of finance related policies to include the Finance Procedures & Scheme of Delegation

6. The local governing boards meet at least three times a year and are responsible for:

- Reviewing the budget for their academy and making recommendations for approval to the board of directors
- Ensuring that any grants are used for the purpose intended.
- Reviewing the actual income and expenditure against the approved budget for their academy and making recommendations to the board of directors

- Making recommendations to the board of directors in relation to the appointment, pay and contractual terms of members of the SLT in their academy
- Approving recommendations from the academy's headteacher in relation to the appointment, pay and contractual terms of members of staff other than members of the SLT

7. The accounting office is responsible for:

- The trust's financial affairs
- Sharing the ESFA's 'Dear Accounting Officer' letter with the members, directors, CFO and other relevant stakeholders, arranging for it to be discussed by the board of directors and taking action, where appropriate, to strengthen the trust's financial systems and controls.
- Achieving value for money and the best possible educational outcomes through the economic, efficient and effective use of resources.
- Ensuring regularity when dealing with items of income and expenditure in accordance with legislation, the terms of the trust's funding agreement and the Academy Trust Handbook and with the trust's internal procedures.
- Ensuring propriety with regards to expenditure and receipts, including standards of conduct, behaviour and corporate governance.
- Completing and signing a statement of regularity, propriety and compliance each year and submitting this to the ESFA with the audited accounts.
- Keeping full and accurate accounting records.
- The management of opportunities and risk.
- Assuring the board of directors that the trust is compliant with the Academy Trust Handbook and the funding agreement.
- Informing the board of trustees, in writing, of any action or policy under consideration that is incompatible with the terms of the Articles of Association, funding agreement or the Academy Trust Handbook.
- Informing the ESFA, in writing, where they have advised the board of directors that they are in breach of the Articles of Association, funding agreement or Academy Trust Handbook but the board has continued with their actions.

8. The board appoints a chief finance officer (CFO) as an employee of the trust with qualified accountancy qualifications from a professional body and they must maintain their continuing professional development. The CFO is responsible for:

- Acting as the principal finance officer of the trust
- Ensuring that the trust's financial position is managed at a strategic level within the framework for financial control determined by the board of directors.
- Ensuring that all financial matters focus on the wider needs of the trust, rather than any individual academy.
- Working with internal auditors to provide assurance to the audit and risk committee and board of directors.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the trust.
- Challenging finance staff to ensure that value for money is routinely obtained.
- Ensuring effective financial policies are in place across the trust.

- Liaising with the headteacher and school business manager/ office manager from each academy regarding financial matters.
9. The board of directors appoints a governance professional to support the board of directors who is someone other than a director, headteacher or chief executive. The governance professional is responsible for ensuring the efficient functioning of the board of directors by providing:
- Administrative and organisational support
  - Guidance to ensure that the board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non- compliance.
  - Independent advice on procedural matters relating to the operation of the board
  - Administrative and organisational support
10. The board of directors keep the register of business and other interests up to date throughout the year. (See section on conflicts of interests.)
11. The ESFA will be informed within 14 calendar days if the trust appoints or terminated the contracts of:
- An accounting officer or CFO, including their contact information.
  - A chair of trustees, including their contact information.
  - A member or director, including their contact information.
  - A headteacher, including their contact information
  - A chair of a local governing body, including their contact information.
  - A local governor

## Financial Oversight

1. The trust takes full responsibility for its financial affairs, stewardship of assets and use of resources to maximise pupils' outcomes.
2. Where the board of directors meet less than six times a year, it will explain in its governance statement how effective oversight of funds was maintained within the fewer meetings in the annual trustees report. The trust currently review financial information six times a year through three director board meetings and three finance committee meetings.
3. The board of directors does not delegate overall responsibility for the trust's funds. The board of directors approves a written scheme of delegation of financial powers that maintain robust internal controls. The scheme of delegation is reviewed annually, and immediately when there is a change in the trust's management or organisational structure.
4. The board of directors delegates financial scrutiny and oversight to the finance committee, which supports the board in maintaining the trust as a going concern.
5. Constituent academies joining the trust will be asked to complete a financial management and governance self-assessment.

## Financial Planning and Budget Setting

1. The trust and its academies prepare an independent budget which is managed by the local governing board. The budget is a working document which will need to be revised throughout the year as circumstances change. Any significant revisions will be reported to the local governing board and the CFO who will report it to the finance committee and board of directors.
2. A balanced budget for each academy is approved by the local governing board and this approval will be minuted.
3. The central services budget and consolidated Chancery Trust budget will be approved by the board of directors, and this final approval will be minuted. The annual budget will reflect the best estimate of the resources available to the trust for the forthcoming year and will detail how those resources will be utilised, establishing clear links with the objectives identified in school development plans. The development plans provide the framework for the annual budget.
4. Both short-term and medium-term plans are prepared for the trust and each of the academies in the trust. The medium-term plan indicate how the educational aims and other objectives of the trust and each academy are going to be achieved within the expected level of resources over the next five years.
5. The SBM/office manager and headteacher of each academy are responsible for creating, reviewing and updating their academy's budget and have access to BPS Budgeting software.
6. The budget planning process follows an annual planning cycle and consists of the following:
  - Planning
  - Budget setting
  - Monitoring
  - Review
7. The budget process must take the following elements into account:
  - Forecasts of likely pupil numbers to estimate the amount of DfE grant available
  - Review of latest estimate of other ESFA funding e.g. pupil premium
  - Review of other income sources available to the academy to assess likely level of receipts
  - Review of past performance against budgets to promote an understanding of the school's costs
  - Review of the requirements of the academy's School Development Plan (SSDP) or the Trust's Development Plan
  - Identification of potential efficiencies and budget containment actions
  - An annual review of expenditure headings to reflect known changes and expected variations in costs, such as pay increase, inflation and other anticipated changes
  - A review of all carry forward balances (see the trusts Reserves Policy)
  - A review of all any unspent grants from the previous financial year
  - A review of any funds held in Trust

8. A four-year budget forecast will be prepared when the budget for the current financial year is being set.
9. When reviewing and approving the budgets for the trust, the board of directors ensures the following:
  - That budget forecast, for the current year and beyond, are compiled accurately, based on realistic assumptions and are reflective of lessons learned from previous years.
  - That pupil number estimates are challenged and that these underpin revenue projections, and review these on at least a termly basis.
  - An integrated approach to curriculum and financial planning is taken.
  - A Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan
10. The board of directors will notify the ESFA within 14 calendar days of proposing to set a deficit revenue budget.

## **Budget management and monitoring**

1. To implement a smooth-running planning process, the CFO will create a budget timetable which outlines important dates, such as when information will be collected, including salary information and estimated budget allocations.
2. A continuous review of the aims and priorities of the strategy will be undertaken based on the monitoring and analysis of performance. The CFO will undertake financial data monitoring and budget review meetings on a termly basis in each academy with the headteacher and SBM/ office manager.
3. The SBMs/office managers at each academy are responsible for monitoring income and expenditure in their academy throughout the year against the budget. Virements to the academy's budget shall be reviewed and minuted by the local governing board. The Local Governing Board can approve virement up to £10,000. All virements exceeding £10,000 or 2% of the budget are substantial virements and should be reported to the CFO to obtain the required approval from the Board of Directors.
4. The SBM's/office managers will prepare monthly management accounts, using the trusts proforma, setting out the academies financial performance and position and including income and expenditure account, variation to budget report, cashflow information, based on the current budget, and balance sheet. This will be distributed to the headteacher, CFO and the local governing board through the trust governor website. Any potential significant overspend against

budget, exceeding £10,000 or 2% of the budget, will need to be discussed with the CFO and reported.

5. The local governing board will consider the latest management accounts when it meets at least three times a year.
6. The Individual academy's management accounts will then be consolidated with the trust's management accounts by the Chief Finance Officer to create management accounts for the Multi Academy Trust.
7. The CFO will prepare monthly management accounts, setting out the trusts consolidated financial performance and position and including income and expenditure account, variation to budget report, cashflow information, based on the current budget, and balance sheet. This will be distributed to chair of directors and at least six times a year the board of directors, even if they do not meet in those months, through the trust governor website – see above, review of Finance.
8. The board of directors will consider the latest management accounts when it meets and will ensure appropriate actions is taken to maintain financial viability. The board of directors will select key performance indicators and measure the individual academies' performance and its budgetary performance against these regularly.
9. The monitoring process will be effective and timely in highlighting variances in the budgets so that the differences can be investigated, and action taken where appropriate. The audit and risk committee will continually monitor the quality of the financial information presented to them to ensure that what is provided remains appropriate, particularly in terms of its timing, level of detail and narrative.
10. The CFO will ensure that the trust submits the following budget returns to the ESFA by the deadline dates:
  - A budget forecast return outturn (BFRO) each May
  - A three-year budget forecast return (BFR3Y) each July
11. The budget included in the returns will be approved by the board of directors before submission to the ESFA.
12. Where the board of directors has concerns about the trust's financial performance, it will act quickly to ensure that the trust has adequate financial skills in place and consider whether additional financial reporting is required.

## Cash management

1. The trust has robust procedures in place to manage its cash position and will avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.
2. The SBM/office manager in each academy and the CFO will prepare cash flow forecasts, based on the latest budget forecast, to ensure that the trust has sufficient funds available to cover day-to-day operations. The SBM/office manager will ensure that all transactions regarding cash flow are recorded for their academy and the CFO will ensure that all transactions regarding cash flow are recorded for the trust. When producing cash flow forecasts, if significant balances are foreseen,

steps will be taken to invest the surplus funds. Investments are made in accordance with Investment Policy approved by the board of directors.

3. All cheques and other instruments authorising withdrawal from any of the trust's bank accounts will bear authorising signatures or electronic signatures in line with the scheme of delegation. The headteacher and the SBM/office manager will be the authorising signatory in an academy unless otherwise stated.
4. The following procedures must be followed when opening a bank account and operating it:
  - The board of directors are responsible for selecting the banking institution and negotiating the terms and conditions
  - The board of directors must authorise the opening of all bank accounts
  - The board of directors will ensure that in the event of changes to key personnel, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed
  - Terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted.
  - The trust must inform the bank, in writing, that their accounts must not become overdrawn as to do so would breach restrictions on borrowing
  - The trust must ensure there are sufficient funds to cover large payments
5. Debit cards linked to a trust bank account are issued to trust personnel, by the CFO, to pay for goods and services when the normal ordering processes are not possible. The procurement of goods and services using debit cards will be kept to a minimum and monitored by the headteacher and the CFO. Purchases via debit cards require the same authorisation as ordered goods and services. Debit cards are applied for on the authorisation of the headteacher in the academy or the CEO in the Trust. The cards are kept by the named cardholders. The debit card charges, along with all the relevant emails and invoices are passed to the SBM/office manager who will enter each individually onto PS Financials. The Headteacher will receive a listing of Debit Card transactions on a monthly basis with the backing documents and sign as checked.
6. BACS payments for academy and trust purchases are for purchase order invoices and non- purchase order invoices When an invoice is received for ordered goods it is matched with the relevant order and the signed goods received note to evidence that:
  - an official purchase order has been raised for the purchase
  - the delivery note has been checked
  - the delivery is of correct quantity, quality and price
  - it has not been previously paid
  - funds are available in the relevant budget
  - VAT chargeability on qualifying expenditure is shown

The invoice is then processed on PS Financials as a POIN by someone other than the person who raised the order. On receipt of a non-purchase order invoice it is matched with evidence of prior purchase authorisation and the signed good received note.

Non- purchase order invoices are limited to purchases for which there is a signed contract in place and includes school meal invoices, energy invoices, water invoices, parentmail card charge invoices, photocopier invoices, telephone invoices and childcare voucher invoices. Non-purchase order invoices are processed as a PI and sent for electronic authorisation according to the delegated financial authorisation schedule



When payment is due a BACS payment schedule is created and matched to the invoices to be paid. The School Business Manager ensures that all payments are due, that invoices are attached and that the bank and sort codes have been correctly entered. The BACS payment run is then passed to the headteacher together with supporting documentation to be approved. The BACS payment file is uploaded onto the Lloyds Website and then electronically approved by the headteacher.

7. A petty cash tin may be kept at an academy within the trust, which is the responsibility of the SBM/office manager. The maximum amount of £300 can be stored in the tin. The SBM/office manager is responsible for the management of the petty cash and will:

- Ensure that the petty cash is held securely
- Make reimbursements only on a authorised petty cash form.
- In exceptional circumstances, make cash available to staff in advance of a receipt being available for items under £10.
- Make petty cash available for checking at any time
- Record all petty cash transactions

In the interest of security, petty cash transactions are limited to £30. Higher value reimbursements will be made through the payroll system.

A petty cash voucher will be completed and signed by the headteacher or SBM/office manager before the petty cash is paid out. A valid receipt for all goods and services should be attached to the voucher. The recipient should signed as receiving the petty cash.

Details of the balance of petty cash held in the safe will be reflected in the balance of the petty cash account on PS Financials.

8. The SBM/office manager will reconcile the amounts on their academy bank statement and the amounts recorded on the PS Financials accounting system promptly. The bank reconciliations are reviewed by the CFO on a monthly basis.
9. The trust and its academies will not borrow monies, including finance leases and overdraft facilities, from any sources, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable, without the prior approval of the ESFA.

## **Accounting system**

1. All the financial transactions of the academy trust must be recorded onto PS Financials, the trusts computerised financial information accounting system. This system is operated by the CFO.
2. System access to the accounting package is password restricted to individual user name and passwords that are based on job title. Access is authorised by the Accounting Officer and granted by the CFO. Initial passwords are set up by the CFO and passed individually to the trust employee. On initial entry to the accounting package the employee will be requested to change their password. This password should be kept private. The employee should not communicate their password to anyone else to use.

3. The SBM/office manager in each academy is responsible for ensuring that there are effective back up procedures for their systems. Data in the accounting package is held on Excalibur Primary School's server and is backed up onto ioSafe on a weekday basis. Back-up copies are stored for six days before overwriting. Backup are monitored remotely via Apex Network Solutions Limited. The disaster recovery plan explains what to do in the event of loss of accounting facilities or financial data.
4. All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual. All journal entries are printed and attached to support documentation. Printed Journal entries are authorised by the academy's Headteacher.
5. The CFO is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared before the period end is completed:
  - sales ledger control account
  - purchase ledger control account
  - payroll control accounts
  - bank reconciliation
  - credit card control account
  - VAT control account
  - Suspense accounts

The CFO signs all reconciliations as evidence of review. Any unusual or long outstanding reconciling items are brought to the attention of the school's headteacher and dealt with according to the bad debt limits in this manual.

## Income

1. The main source of income for the trust and its academies is through the grants received from the ESFA. The trust allocates funding to the academies according to the trust's Pooled Funding and Appeals Policy. Headteachers can appeal any funding allocations decisions to the board of directors. If after the appeal, the situation is not resolved, the headteacher can make an appeal to the ESFA.
2. The CFO monitors the receipt of grants, ensuring that all grants due to the academies within the trust are appropriately collected.
3. In addition to the DfE main funding the academies and trust may be awarded specific or additional grants from time to time relating to specific projects e.g. Condition Improvement Funds, Additional Special Educational Needs funding, Sport England funding, Football Foundation funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the local governing board, be reported to the CFO and agreed by the board of Directors. All external funding and grants will be spent in accordance with the terms and conditions imposed and accurately recorded as income and expenditure specific to the project. The SBM/ office manager in each academy is responsible for recording income and expenditure against each grant and providing a reconciliation within the monthly management accounts. The spending of restricted funds will be reviewed by the Headteacher in each academy, the local governing board and by the CFO as part of the month end procedures.

4. Where funds are held in trust the SBM/office manager in the academy is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles. These will be reviewed by the Headteacher, the local governing board and CFO as part of the month end procedures.
5. The trust collects income from parents for the following:
  - Trips and residential visits
  - School meals
  - Additional nursery fees
  - Breakfast and after school club
  - Purchase of books and various other expenses
6. Income from parents is collected in various ways through the raising of sales invoices, Parentmail and Parentpay. Cash receipts must be reconciled on a daily basis by the Administrative team and passed to another person for processing on PS Financials to the Paying In Slip account code. All cash and cheques received must be kept in the school's safe prior to banking. Banking should take place regularly to ensure that the insurance limit is not exceeded. Monies collected should be banked in their entirety in the appropriate bank account.
7. All academy trips and residential visits should be costed and approved by their headteacher. The costings should be submitted to the SBM/office manager so that orders can be raised. Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover if this is a cost to the school. Trips should never be calculated to make a profit for the academy. A member of staff must be appointed to take responsibility for the collection of sums due. All trip and educational visits income and expenditure should be recorded against a trip code on PS Financials so that any deficit or surplus can be reviewed by the SBM/office manager. Any surplus should be redistributed to parents as soon as possible. If the school decides to subsidise the school trip the amount of subsidy must be approved by the Headteacher in advance of the booking being made.
8. The school meal numbers should be collected on a daily basis and reconciled to the kitchen meal numbers. The school meal numbers should be recorded against each child to ensure the relevant lunch money has been received. Weekly checks are undertaken on meals taken against receipts and any dinners owed for should be chased by the academy following the trust's Debt Management Policy.
9. Each academy will maintain records of pupils attending additional nursery sessions and before and after school clubs. Academies will raise sales invoices for these sessions on a monthly basis. The sales invoices will be reflected in the Sales Ledger on PS Financials. Academies should ensure that the balance on the Sales ledger is reconciled to a listing of debtors on a monthly basis. This reconciliation should be forwarded to the CFO. SBM/office managers should ensure that debtors listings should be reviewed on a weekly basis following the trust's Debt Management Policy.
10. Each academy is responsible for maintaining records of bookings of its school's facilities and for identifying the sums due from each organisation. Academies will manage all lettings in line with the trust's Lettings Policy.
11. Each academy is responsible for maintaining records for other sources of income e.g. coaching income and secondments. The academy will ensure that these are invoiced either before the

service is provided or straight after it is completed.

12. All income remittance advices should be addressed to the school or the trust. If they arrive with a different name then they should be returned to the customer with a request that they be amended. They should not be processed as this would not adhere to statutory requirements.

## Expenditure

1. There are two main areas of expenditure:

- **Salaries** – this forms the largest element of expenditure. Salaries of all staff members within an academy will be reviewed on an annual basis by their headteacher, with effect from 1st September and no later than 31st October. Pay review recommendations are then given to their local governing board for discussion and authorisation. These decisions will be built into the academy budget by the SBM/office manager.
- **Premises maintenance** – a combination of maintenance surveys and historical costs will be the basis for planned maintenance. The SBM/office manager will incorporate a n allowance for unexpected contingencies, as well as for new small works which may be proposed in-year.

2. Each SBM/office manager will keep an up-to-date record of the income and expenditure for their academy. This will be reconciled to the current budget which will be updated if needed.
3. Each SBM/office manager will ensure that all monies received in return for goods and services, such as a school trip, is banked/recorded against the correct code.
4. The trust's funds will not be used to purchase alcohol for consumption, except where it is being used in religious services.

## Purchasing, procurement and returns

1. The trust will ensure:

- Spending has been for the purpose intended and there is probity in the use of public funds. No goods or services will include any elements of private use by volunteers, staff, governors or directors.
- Spending decisions represent value for money.
- Internal delegation levels exist and are applied (see Trust's Scheme of Delegation).
- Professional advice is obtained where appropriate.

2. All academies within the trust will act in accordance with the trust's Competitive Tendering and Procurement Policy, and comply with the procurement rules and thresholds in The Public Contracts Regulations 2015 and the Find a tender service.
3. The trust and its academies will use the DfE's deals for schools service where possible.
4. Full details of the trust's procurement processes are outlined in the Competitive Tendering and Procurement Policy.
5. The full details of financial delegation can be found in the Trust's Scheme of Delegation.

## Payroll

1. All payroll transactions relating to trust staff, permanent and casual, will be processed through the APS Global payroll system, an external provider. Payments for employment will not be made through any other mechanism.
2. Each academy within the trust will act in accordance with the Teacher's Pay Policy and Support Staff Pay Policy.
3. The main elements of the payroll system include staff appointments, payroll administration and payments.
4. The headteacher and SBM/office manager for their academy and the CEO/CFO for the trust are responsible for ensuring:
  - Payments are made only to bona fide employees.
  - Payments are in accordance with individuals' contracts of employment
  - Deductions, including income tax, national insurance and pensions, are properly administered.
  - Payments are made only in respect of services provided to the academy.
  - Amendments to payroll are properly processed and authorised by the headteacher.
5. The SBM/office manager must ensure that the staff records are maintained and that all changes to salary, bank account details, taxation status, personal details and deductions and allowances are updated on the correct HR forms with APS.
6. During the Spring term each year the headteacher and SBM/office manager will review the staffing structure for the following academic year. This will be agreed by the local governing board and used as the basis for the budget forecasts.
7. The Headteacher is authority to appoint staff within the authorised staffing structure except for the headteacher whose appointment is approved by the board of directors in consultation with the local governing board. The SBM/office manager maintains personnel files for all members of staff which include contracts of employment and annual salary letters. All personnel changes must be notified, in writing, to Cooks Lawyers and APS Global immediately on the appropriate HR forms.
8. SBM/office managers ensure that APS Global are informed of any staff absences on a monthly basis using the staff absence return by 2<sup>nd</sup> of each month.
9. Overtime in an academy is authorised by their headteacher before it is completed and is recorded by the individual on a timesheet and submitted by the 1st of each month to the SBM/office manager for processing. SBM/office manager will ensure that any additional hours, temporary work or overtime undertaken by their employees are summarised in the timesheet worksheet and approved by the headteacher before being sent to APS Global by the 2<sup>nd</sup> of each month.
10. APS Global will prepare and distribute the academy's payroll to SBM/office managers for approval. The school will carry out a detailed check of gross salary and claims to be paid for each member of staff against expectations from the budget. Any issues will be raised directly with APS Global. The Headteacher will be required to authorise the payroll payments to be made to employees on a monthly basis When satisfied the school will inform APS Global that the payroll is

approved for payment.

11. After the payroll has been approved a nominal ledger payroll journal will be created by the SBM/office manager from the payroll journal provided APS Global. Postings will be made both to the relevant payroll control accounts and to individual expenditure account codes and cost centres.
12. The CFO will randomly select one employee from each academy and check the calculation of gross to net pay, to ensure the APS payroll system is operating correctly.
13. Payroll of all academies is continually monitored and reviewed by the CFO to ensure any changes have been implemented correctly and the information is up-to-date.
14. Payslips will be produced on a monthly basis and distributed to employees via secure access by 15<sup>th</sup> of each month.
15. The SBM/office manager is responsible for completing the relevant recruitment checks, including DBS, and ensuring these details are retained on the Single Central Record.
16. Annual pay letters will be provided for all staff. These will be prepared and distributed by the SBM/office manager.
17. **Severance payments** - The academy trust is able to self-approve the non-statutory/non-contractual element of severance payments up to £50,000 before tax. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk. Where the non-contractual element is on or over £50,000 before tax prior approval from ESFA must be sought before the trust or its academies make any binding offer to staff. The Accounting Officer must sign off and review each business case.
18. Any ex-gratia payments must be submitted to ESFA for prior approval.

## Executive Pay

1. The board of directors will ensure that any decisions that they make on executive pay (including salary and any other benefits), follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual will be involved in deciding their own salary.
2. The board of directors will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:
  - Process – that the procedure for determining executive pay and benefits is agreed by the board of directors in advance and is documented. The board ensures that both pay and benefits are kept proportionate.
  - Independence – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and conflicts of interest are avoided.
  - Robust decision-making – factors in determining pay and benefits are clear including whether educational and financial performance considerations, and the degree of challenge in the role, has been considered.
  - Proportionality – pay and benefits represent good value for money and are defensible relative to the public-sector market.

- Commercial interests – the board is sighted on broad business interest held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction.
  - Documentation – the rationale behind the decision-making process, including whether the level of pay and benefits reflect value for money, is recorded and retained.
  - A basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years or over the long term.
  - Understanding that inappropriate pay and benefits can be challenged by the ESFA, particularly in an instance of poor financial management of the trust.
3. The trust will publish on its website, in a separate accessible form, the number of employees whose benefits exceed £100,000, in £10,000 bandings for the previous year ended 31 August. Benefits for this purpose include salary, the trust's pension contributions, other taxable benefits and termination payments, but not the own pension costs. For employees who are directors, their salary and other benefits will also be disclosed in £5,000 banding in the trust's financial statements.
  4. Where the trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work will also be included in the website disclosure where payments exceed £100,000, as if they were an employee.

## **Investments**

1. Where the board of directors wishes to make investments to further the trust's aims, it will ensure that the investment risks are properly managed. When considering an investment the board will follow the trust's Investment Policy.

## **Borrowing and debt**

1. Prior approval will be obtained from the ESFA before borrowing from any source, where such borrowing will be repaid from grant monies or secured on assets funded by grant monies.
2. The trust will prepare and monitor financial plans to ensure ongoing financial health.
3. The trust will disclose aggregated figures for transactions of any amount and separate disclosure for individual transactions above £5,000 in its audited accounts for writing off debts and losses, as well as guarantees, letters of comfort and indemnities.
4. The academies and the trust will use the trust's Debt Management Policy for all debts chasing and write off's.
5. The SBM/office manager will keep accurate records of the debt process, including
  - Logging invoices and receipts on the trust's accounting system.
  - Keeping any emails/letters pertaining to debt collection for two years after the payment has been made. Ensure that the email/letter clearly states the number of the reminder and the date that it was sent.

## Fixed Assets

1. The trust will obtain prior approval from the ESFA for the following transaction:
  - Acquiring a freehold of land or buildings
  - Disposing of a freehold of land or buildings
  - Disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the trust's funding agreement for the disposal of assets generally.
2. The trustees of Chancery Multi Academy Trust are responsible for the proper management and security of the school premises and the custody and physical control of all other assets including machinery, furniture and equipment. The board of directors will refer to the DfE's Good Estate Management for School guidance to help them to manage capital assets and budgets.
3. Each academy within the trust must maintain an asset register of items held by the academy that the board of directors deems valuable and or may be subject to an insurance claim. Moveable assets valued at £1,000 or more must be recorded. Note that all IT equipment must be recorded, regardless of their value. The Asset Register should include the following information:
  - asset description
  - serial number/security number
  - date of acquisition
  - asset cost
  - source of funding (% of original cost funded from grant and % funded from other sources)
  - expected useful economic life
  - depreciation
  - current book value
  - location or name of member of staff responsible for the asset

The asset register helps:

- ensure that staff take responsibility for the safe custody of assets
  - enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
  - to manage the effective utilisation of assets and to plan for their replacement
  - help the external auditors to draw conclusions on the annual accounts
  - support insurance claims in the event of fire, theft, vandalism or other disasters
4. The local governing body of each academy should ensure that the Asset Register is kept up to date and is reviewed on an annual basis. The review must include a physical check of the assets and must be performed by someone other than the person maintaining the register. A copy of the asset register should be certified and dated on completion of the review.
  5. Academies can dispose of assets following the following limits:
    - Items up to £20,000 in value which are to be disposed of by sale or destruction must be authorised for disposal by the Headteacher and, where significant, should be sold following competitive tender.
    - Items over £20,000 in value which are to be disposed of by sale or destruction must be authorised for disposal by board of directors and, where significant, should be sold following competitive tender.



- Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence that the school obtained value for money in any sale. In addition, there are complications with the disposal of computer equipment, as the school would need to ensure that all licences for software programmes have been legally transferred to the new owner.
  - The school is expected to reinvest the proceeds from all asset sales for which capital grant was paid. If it is not reinvested in assets it must be repay to the DfE a proportion of the sales proceeds.
6. Items of academy property must not be removed from academy premises without the authority of the headteacher. A record of the loan must be recorded on an equipment loan form or in the loan register.

## **Leasing**

1. For the purpose of this policy, there are two types of lease:
  - Finance Lease – a form of borrowing
  - Operating Lease – not a form of borrowing
2. The Trust and its academies only enter into operating leases as all other forms of financing are prohibited including finance leases.
3. The trust and its academies must obtain prior approval from the ESFA for the following lease transactions:
  - Taking up a finance lease on any class of asset for any duration from another party, which are subject to borrowing restrictions.
  - Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years.
  - Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.
4. Any lease will maintain the principles of value for money, regularity and propriety.

## **Gifts**

1. The value of any gifts will be reasonable and within the limits set out in the Gifts, Hospitality and Anti-bribery Policy.
2. The decision to make gifts will be documented and have regard to propriety and regularity.
3. The Gifts, Hospitality and Anti-bribery Policy sets out the trust's procedures relating to the acceptance of gifts, hospitality, awards, prizes and any other benefit that might be seen to compromise the judgement or integrity of the trust.

## **Related party transactions and conflicts of interest**

1. All transactions with related parties will be reported to the ESFA in advance of the transaction

taking place regardless of the value using the online form. This applies to all transactions made on or after 1 April 2019.

2. All academies within the trust will act in accordance with the Conflicts of Interest Policy.
3. The trust will be even-handed in their relationships with related parties by ensuring:
  - Compliance with their statutory duties to avoid conflicts of interest, benefits are not acceptable from third parties, and interests in proposed transactions or arrangements are declared.
  - A Declared Conflicts of Interest Register has been completed.
  - No member of the trust uses their connections to the trust for personal gain.
  - All payments are permitted by the Articles of Association or by authority from the Charity Commission.
  - The Charity Commission approves payments to a director where there is a significant advantage to the academy.
  - Any payments provided to the persons referred to in the 'At-cost requirements' section of this policy satisfies the at-cost requirements.
4. The board of directors will ensure procedures pertaining to related party transactions are applied across Chancery Multi Academy Trust. The board of directors and accounting officer will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with 'The Seven Principles of Public Life'.
5. The chair of directors and the accounting officer will ensure their capacity to control influence does not conflict with requirements.
6. The trust recognises that some relationships with related parties may attract greater public scrutiny, such as the following:
  - Transactions with individuals in a position of control and influence, including the chair of directors and the accounting officer.
  - Payments to organisations with a profit motive, as opposed to those in the public or voluntary sector.
  - Relationships with external auditors beyond their duty to deliver a statutory audit.
7. The trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.
8. The trust will report all related party transactions made in or after 1 April 2019 to the ESFA in advance of the transaction taking place. The trust will obtain prior approval from the ESFA for related party transactions that are novel, contentious and/or repercussive, regardless of value, using the ESFA's enquiry form.
9. For the purpose of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the trust to persons under a contract of employment through the trust's payroll.
10. The trust will obtain approval from the EFSA using the online form for contracts and other agreements for the supply of goods and services to the trust by a related party agreed on or after 1 April 2019, where any of the following limits apply:
  - The contract or other agreement exceeds £20,000

- The contract or other agreement, regardless of value, would mean the cumulative value of the contracts and other agreements with the related party exceed or continues to exceed, £20,000, in the same financial year ending 31 August
11. The CFO will complete the online form for all related party transactions, regardless of value, within the trust. The CFO will require all of the following information to be submitted and collected, as it is not possible to partially complete the form and return to it later:
- The name of the supplier
  - The supplier's address
  - The supplier's company number
  - A statement which best describes the relationship between the supplier and the trust.
  - Confirmation that the supplier is listed in the trust's Declared Conflicts of Interest Register.
  - Confirmation that the trust has a statement of assurance from the supplier.
  - Confirmation that the trust has an open-book agreement with the supplier.
  - A short description of the goods and services.
  - Details of the proposed costs.
  - The proposed start and end date of the contract or agreement.
12. When the trust is seeking approval from the ESFA for the related party transaction, the following evidence will also need to be provided to the CFO:
- How the trust agreed to the related party transaction.
  - That the trust followed its Competitive Tendering and Procurement Policy.
  - That the trust tested the market before making a decision.
  - How the trust has managed the conflict of interest.
13. All business and pecuniary interests will be recorded on the Declared Conflicts of Interest Register, including:
- Directorships, partnerships and employments with businesses
  - Trusteeships and governorships at other educational establishments
  - For each interest: the name of the business, the nature of the business, the nature of the interest and the date the interest began, must be included.
14. The Declared Conflicts of Interest Register will identify any relevant material interests from close family relationships between the trust members, directors or local governors. Relevant material interests arising from the close family relationships between those individuals and employees will also be identified.
15. The Declared Conflicts of Interest Register will be kept up-to-date at all times and amended when new interests are declared.
16. The relevant business and pecuniary interests of members, directors, local governors and the accounting officer will be published on the trust's website.
17. The trust will not pay more than the 'cost' for goods or services provided by the following: any member or director of the trust or any individual or organisation related to a member or director of the trust namely:
- A relative of a member or director: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by the person. This includes but is not limited to a child, parent, spouse or civil partner.
  - An individual or organisation conducting business in partnership with the member,

- director or a relative of the member or director.
  - A company in which a a member or relative of a member (taken separately or together), and/or a director or a relative of a director (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of the company.
  - An organisation which is controlled by a member or relative of a member (acting separately or together) or a director or relative of a director (acting separately or together) – an organisation is controlled by the individual, or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes. Any individual or organisation given the right under the trust's articles of association to appoint a member or director of the trust, or any body connected to the individual or organisation.
  - Any individual or organisation recognised by the Secretary of State as a sponsor of the trust, or any body connected to the individual or organisation.
18. A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under the common control with the individual or organisation, namely any of the following:
- Holding a greater than 20 percent capital share or equivalent interest
  - Having the equivalent right to control management decisions of the body.
  - Having the right to appoint or remove a majority of the board or governing body.
19. At cost requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total over £2,500, the element above £2,500 must be at no more than cost.
20. The cost will be at full cost of all the resources used in supplying the goods and services and will not include any profit. Full costs include:
- All direct costs – the costs of any materials and labour used directly in producing the goods and service
  - Indirect costs – a proportionate and reasonable share of fixed and variable overheads.

## **Charging and remission**

1. The academies and trust will act in accordance with the trust's Charging and Remission Policy.
2. Charging is permitted for education provided out of school hours, unless it is within the requirements of the national curriculum or to fulfil statutory duties relating to RE.

## **VAT procedures**

1. The trust, and the academies within it, are registered for VAT and are entitled to reclaim VAT on qualifying purposes through the quarterly VAT return.
2. Under legislation, VAT claims can be made on expenditure which supports the trust's core business purposes.
3. The trust is eligible to reclaim most of the VAT it pays on invoices from HMRC. The trust and

academy must only analyse VAT on its expenditure transactions if they hold a VAT invoice.

4. One VAT return is completed for the trust on a quarterly basis. The VAT reclaimed for the trust or an individual academy will be paid to the academy. The reclaimed VAT will then need to be coded to the VAT control account and not an income or expenditure code.
5. The trust abides by the procedures issued by the HMRC in connection with VAT.
6. The trust keeps potential trading activities under review and considers whether to set up a subsidiary trading company.

## **Risk management**

1. The trust and its academies must follow the trust's Risk Management Strategy.
2. The trust maintains a risk register and manage risk to ensure its effective operation, including contingency and business continuity planning.
3. The board of directors will take overall responsibility for risk management, including oversight of the risk register, while drawing on advice provided to it by the audit and risk committee. The board of directors will review the risk register at least annually.
4. Risk management covers the full operation and activities of the trust, not only financial risks.
5. The trust will have adequate insurance cover in compliance with its legal obligations. The local governing boards review the adequacy of insurance arrangements in their academy annually. They ensure that the sums insured are commensurate with the risks and include cover for academy trust property when off the premises. The trust has opted in to the Department for Education's Risk Protection Arrangements.
6. The CEO must be notified immediately in writing by Headteachers of any loss, liability or damage or any event likely to lead to a claim by the academy or by third parties against the academy or any of the members of its staff.

## **Special payments**

1. For the purpose of this policy, special payments include:
  - Staff severance payments
  - Compensation payments
  - Ex gratia payments
2. Where the trust considers making a severance payment above statutory or contractual entitlements, the following factors will be considered prior to making the commitment:
  - The proposed payment is in the interest of the trust.

- The payment is justified, based on legal assessment of the chances the trust will successfully defend the case at employment tribunal.
  - The level of settlement is less than the legal assessment of what the relevant body will award.
3. Under no circumstances will the trust make severance payments where the money could be interpreted as a reward for insubordination or failure.
  4. Where the trust is considering a severance payment equal to or greater than £50,000, the trust will seek prior approval from the ESFA. The ESFA will refer the transaction to HM Treasury so the trust will allow sufficient time for this to be considered. Value for money will be shown for all severance payments
  5. The trust will also obtain prior approval from the ESFA before making a staff severance payment where:
    - An exit package, which includes a special severance payment is at, or above, £100,000; and/or
    - The employee earns over £150,000.
  6. Compensation payments will take account of the facts of the matter ensuring value for money is achieved. For compensation equal to or greater than £50,000, prior approval from the ESFA will be sought.
  7. The trust will consider whether cases reveal concerns pertaining to the effectiveness of internal control.
  8. Ex gratia payments will always be referred to the ESFA for approval

## **Novel, contentious and repercussive transactions**

1. Novel transactions are those of which the trust or its academies has no experience, or are outside their range of normal business.
2. Contentious transactions are those that might cause criticism of the trust and its academies by Parliament, the public or the media.
3. Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.
4. Novel, contentious and repercussive transaction to be made by the trust or its academies must always be referred to the CFO and then the ESFA for approval before the payment is made. The ESFA may refer the transaction to HM Treasury so the trust will allow sufficient time for this to be considered.

## **Guarantees, Indemnities or letter of comfort**

1. The trust and its academies will need to obtain ESFA approval for guarantees, indemnities and letters of comfort up, subject to the £250,000 ceiling) over the delegated limits:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any financial year per category of transaction for any trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new trusts that have not had the opportunity to produce two years of audited accounts
- cumulatively, 5% of total annual income in any financial year per category of transaction for any trusts that have submitted timely, unqualified audited accounts for the previous two financial years

## Annual Accounts

1. The trust will maintain accounting records and prepare an annual report and audited accounts in line with the Charity Commission's 'Statement of Recommended Practice' and the ESFA's 'Academies Accounts Direction'.
2. When preparing financial statements for the period end 31 August 2021, the trust will also have regard to the supplementary bulletin, which provides guidance on matters arising from the coronavirus (Covid-19) pandemic.
3. The audited accounts will be:
  - Submitted to the ESFA by 31 December each year
  - Published on the trust's website by 31 December
  - Filed with Companies House in accordance with company law requirements, usually by 31 May
  - Provided to every member (under the Companies Act)
  - Provided to anyone who requests a copy

## Audit

1. The trust will follow a tiered approach to internal control, risk management and assurance processes comprising:
  - Clearly communicated procedures, structures and training of staff.
  - Appropriate day-to-day supervision and checks by management.
  - Internal scrutiny overseen by the audit and risk committee.
  - External audit and assurance
2. Internal scrutiny will be conducted within the trust and directed by the audit and risk committee, alongside the work of an external auditor, to provide independence assurance to the board of directors that its financial and non-financial controls, and risk management procedures, are operating effectively.
3. Internal scrutiny will focus on:
  - Evaluating the suitability of, and level of compliance with, financial and non-financial controls, including assessing whether the procedures are designed effectively and

efficiently, and checking transactions to confirm whether agreed procedures have been followed,

- Offering advice and insight to the board of directors on how to address weaknesses in financial and non-financial controls.
  - Ensuring all categories of risk are being adequately identified, reported and managed.
4. The programme of internal scrutiny will be covered by a scheme of work, driven and agreed by the audit and risk committee, and informed by risk. The programme of work will be spread appropriately over the year to ensure higher risk areas are reviewed in good time. The trust will confirm, in its governance statement, the methods it uses for internal scrutiny and why these are used.
  5. Findings arising from internal scrutiny will be used to inform the accounting officer's statement of regularity in the annual accounts.
  6. Regular reports of the programme of work will be provided at each audit and risk committee meeting, including recommendations to enhance financial and non-financial controls and risk management.
  7. The trust will submit its annual summary report of areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year when it submits its audited annual accounts. If requested, the trust will also provide any other internal scrutiny reports.
  8. The trust will appoint an external auditor to give an opinion on whether its annual accounts present a true and fair view of the trust's financial performance and position.
  9. The contract with the external auditor will be in writing and be accompanied by a letter of engagement that only covers the details of the external audit including the requirements of the DfE. The letter of engagement will also include details of the removal of external auditors, before the expiry of their terms of office.
  10. The trust will retender its external audit contract at least every five years.
  11. The board of directors will notify the ESFA immediately of the removal or resignation of the auditors.
  12. The accounting officer will produce a statement of regularity, propriety and compliance and this will be included in the trust's annual accounts. The statement on regularity, propriety and compliance will include a responsibility to ensure that:
    - There is efficient and effective use of resources in their charge.
    - Public money is spend for the purpose intended by parliament.
    - Appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control.
  13. The trust will respond promptly, reasonably and appropriately to any findings by the auditors.



## Other Finance Related Returns

1. The CFO and CEO are responsible for the other DfE returns for the trust:

- Land and Building Collection Tool – November
- Accounts Return – January
- School Resource Management Self-Assessment Tool - March

## Record keeping

1. All financial transactions of the trust recorded on PS Financials including, but not limited to, the following:

- Purchases, quotes and tenders
- Returns
- Payroll
- Cash flow
- Income and expenditures
- VAT returns

2. The CFO is responsible for keeping up-to-date records of the trust's financial state. The SBM/office manager is responsible for keeping up-to-date records in relation to the finances of their academy.

3. Records will include the following information:

- Income and expenditure - identifying each transaction for each activity and retained with all backing documents
- Balance Sheet – assets and liabilities identified with backing documents
- The total income and expenditure for the year
- The balance carried forward from the previous year

4. Each academy has its own set of account codes, cost centres, sales ledger accounts, purchase ledger accounts and bank accounts for day-to-day operational purposes and budget management.

5. The ESFA or its agents may carry out audits and investigations of the trust. The trust will provide the ESFA with access to all books, records, information, explanation assets, premises and staff, and the ESFA may take copies of relevant documents.

6. Where the ESFA has concerns about financial management and/or governance at the trust, it may wish to obtain from third parties information or documentation about the trust which the ESFA considers relevant for the purposes of its investigation. The trust will provide the ESFA with written authority giving permission for any third party to provide such information to the ESFA or its agents.

## Notices to improve

1. Where the ESFA has concerns about the trust's financial management and/or governance, and has an Notice to Improve (Ntl), the trust will comply with the notice.
2. The ESFA will notify the trust of the date of which it published the Ntl
3. The trust will publish and Ntl issued by the ESFA on its website within 14 days of it being issued, and retain this on the website until it is lifted by the ESFA. If a Ntl is issued, the trust must seek prior approval from the ESFA for all transactions outlined in the special payments section, specifically:
  - Special staff severance payments
  - Compensation payments
  - Writing off debt and losses
  - Entering into guarantees, indemnities or letters of comfort
  - Disposals of fixed assets, beyond any limit in the funding agreement
  - Taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
  - Carrying forward unspent GAG from one year to the next beyond any limit in the funding agreement
  - Pooling of GAG
4. Where required, the trust will seek prior approval from the ESFA before entering into transactions with related parties. The trust will submit additional information, such as monthly income and expenditure accounts, if required by the ESFA.

## Whistleblowing and fraud

1. The trust puts proportionate controls in place to mitigate the risks of fraud, theft and irregularity, e.g. regular inspections addressing risks, and implements an Anti-Fraud and Corruption Policy.
2. Where instances of fraud, theft or irregularity are suspected or identified the board of directors will investigate it promptly and should any evidence of fraud be found, they will take appropriate action.
3. In any instance of fraud, theft or irregularity whereby the amount defrauded comes to a total exceeding £5,000 in a financial year, the board of directors will report it to the ESFA as soon as they become aware of it.
4. When reporting to the ESFA on instance of fraud, theft or irregularity, the academy will need to provide the following information:
  - Full details of the events with all the key dates
  - The financial value of the loss
  - The measures taken by the trust to prevent a recurrence
  - Whether the matter was referred to the police and if not, the reason why
  - Whether the risk protection agreement have offset any loss

5. If a member of staff suspects that their colleagues are involving them in matters of fraud, they have a duty, as an employee of the trust, to raise their suspicions to a member of their SLT. Reports of fraud will be treated in a fair and unbiased manner.
6. If the report of fraud is against a member of the SLT, the member of staff can go directly to the Chair of Directors.
7. The SLT, of the relevant academy within the trust, together with the CFO will be responsible for the initial enquiries of fraud, theft or irregularity – they will then pass on their findings to the board of directors for further inspection
8. Upon receiving the SLT/CFO initial findings, the board of directors will:
  - Determine whether further investigation is warranted
  - Determine the initial response to the alleged perpetrator when this is a member of academy staff.
  - Determine who will carry out any further investigations.
  - Determine which outside agencies will be involved
  - Assess the risk of the fraud and the perpetrator to the academy
  - Determine to whom day-to-day management of the response will be given
  - Allocate responsibility for damage limitation action
  - Determine the course of action to recover losses
  - Determine the course of action to be taken against the perpetrator
  - Evaluate the events which enabled the fraud to occur
  - Ensure preventative action is taken to prevent recurrence
  - Report any excessive fraud (over £5,000) to the ESFA
9. The trust's Whistleblowing Policy outlines the procedures to follow in the event of a report being made by a member of staff, as well as the appeals process and what can be done in the event of a whistleblower being treated unfairly.
10. The headteacher will ensure all their staff are aware of the Whistleblowing Policy, ensuring that they understand the process of reporting a concern and what they can expect once they have brought a concern to the attention of the academy.
11. All concerns raised by whistle-blowers are responded to properly and fairly in line with the Whistleblowing Policy.
12. The trust's Whistleblowing Policy is published on the trust's and academies' websites.

## Cyber-crime

1. The trust is aware of the risk of cyber-crime and will implement its Data and Cyber-security Breach Prevention and Management Plan across the trust.
2. Proportionate controls will be put in place to manage risks and appropriate action will be taken where a cyber-security incident has occurred.

3. The trust will obtain permission from the ESFA to pay any cyber-ransom demands and understands that the ESFA supports the National Crime Agency's recommendation not to encourage, endorse or condone the payment of ransom demands.

## **Self-assessment**

1. The trust will utilise independent external reviews of the trust's governance. External reviews of governance will be conducted routinely as part of the trust's wider programme of self-assessment and improvement. External reviews may also be conducted before the board of directors undertakes any significant change, e.g. before the trust grows significantly.
2. The CFO the School Self-assessment Tool and School Resource Management checklist for the trust and its academies and presents them to the local governing boards and the board of directors on an annual basis. The CFO will submit the reviewed School Resource Management checklist to the ESFA annually on behalf of the trust.

## **Document retention**

1. Documents are retained for the following amount of time:
  - Finance records – current year plus preceding 6 years
  - Supply cover insurance – current year plus preceding 6 years
  - Payroll and travel records – current year plus preceding 6 years
  - Personnel records – 5 years after an employee has left

## **Monitoring and Review**

1. This policy will be reviewed on an annual basis, or when new legislation/guidance regarding the subject is published, by the board of directors.
2. The CFO will review and monitor all financial records continuously throughout the year. The SBM/office manager will review and monitor each academy's financial records, raising any concerns with the CFO.